

2008 Form 5500-EZ Supplemental Guide

Form 5500-EZ Effective for the 2005 and future plan years, filers of Form 5500-EZ are no longer required to file any schedules with the form. Filers will be required to collect and retain completed and signed Schedule MB or SB, as appropriate. Schedules are still required for prior years.

Who may file? The plan sponsor must meet ALL of the following conditions:

1. Plan is a one-participant plan covering only the 100% owner and the owner's spouse or only covers partners in a partnership and the spouses of the partners. **Note:** If any other relatives are in the plan, then a Form 5500 is required.
2. The plan meets the minimum funding requirement of IRC 410(b) without being combined with any other plans. This means that no other employees of the employer can participate in the plan because, per the plan document:
 - They do not meet the following 1000 hour service requirement
 - They are not 21 years old
 - They are collectively bargained employees
 - They are non-resident aliens
3. The plan does not provide benefits for anyone except the 100% owner, the owner and the owner's spouse, or one or more partners and their spouses. **Note:** If a terminated participant still has an account balance and the remaining participant in the plan is the owner, the plan sponsor must file a Form 5500 since the terminated participant is still benefiting (has an account balance).
4. The plan does not cover a business that is a member of:
 - An affiliated service group
 - A controlled group of corporations or
 - A group of businesses under common control

Note: Basically, just ask the TP if they are a part of one of these types of entities. In most cases, if they do not own other businesses, they will meet this requirement.
5. The plan does not cover a business that leases employees.

Who may not file?

You do not have to file Form 5500-EZ (or Form 5500) for 2008 if you meet the five conditions above,

AND

You have a one-participant plan that had total plan assets of \$250,000 or **less** at the end of every plan year beginning on or after January 1, 2007,

OR

You have two or more one-participant plans that together had had total plan assets of \$250,000 or **less** at the end of every plan year beginning on or after January 1, 2007.

Note: Plans beginning on or before December 31, 2006, for which a Form 5500-EZ was required to be filed, will not need to continue filing the Form 5500-EZ unless their total plan assets (for one or more one-participant plans, separately or together) exceed \$250,000. At the close of the plan year beginning on or after January 1, 2007.

Welfare and Fringe Benefit Plans must file on a Form 5500, cannot use Form 5500-EZ. (See Form 5500 Instructions under **Who Must File** for when it is required.)

Who must file?

All one-participant plans **must** file a Form 5500-EZ for their **final** plan year even if the total plan assets have always been less than \$250,000. The final plan year is the year in which the distribution of all plan assets is completed. (This would include rollovers to IRAs or transfers to other plans.) Check the “final return” box in Part I, Line A of Form 5500-EZ and zero assets should be indicated on line 11a(b), assets at end of year.

When to file?

The normal return due date is the last day of the seventh month after the end of the plan year, for example:

- If the plan year is 1/1/08 – 3/31/08, the due date is 10/31/08.
- If the plan year is 1/1/08 – 12/31/08, due date is 7/31/2009.

Part I, Line A

Only check a box if it applies. *If none applies, then leave blank.*

Part I, Line B

This box should be checked if a Form 5558 was filed or if the plan sponsor is using the Federal Income Tax extension. *In either case, a copy of the*

extension must be attached to the Form 5500-EZ when filed.

Part II, Line 1

Line	Instructions
1a	Enter the actual plan name.
1b	Enter the three-digit plan number. Pension plans start with 001. Note: The instructions state not to use plan number 888 or 999.
1c	Enter the original effective date of plan, not an amended effective date.

Part II, Line 2

Line	Instructions
2b	Enter the EIN used for federal tax purposes, not the trust identification number. Do not enter your Social Security Number. Note: If a Form 5500-EZ filer does not have an EIN for federal tax purposes, the trust identification number may be used to file Form 5500-EZ. The TP should complete a Form SS-4 to secure an EIN.
2d	Enter the appropriate business code from the Form 5500-EZ instructions. If retired, use the code closest to the activity when employed. Note: Business/Principal Industry Code 813000 should be used for tax-exempt and government entities. It is the last code on the list.

Part II, Line 3a

Enter the information for the plan administrator named in the plan document. If the plan sponsor is the administrator, enter "same."

Note: An employee of the plan sponsor who performs administrative functions is not a plan administrator unless he or she is specifically named in the plan document. If the employee is named in the plan document, he or she must apply for an identification number using Form SS-4.

Part II, Line 4

A change in plan sponsor can occur if a sole proprietorship changes to a corporation and adopts the retirement plan, or if one company buys another company and adopts the plan.

Note: If one plan is merged into another plan, line 4 is not completed. If the plan merges with another plan, a final return is filed.

Part II, Line 6 Check only one box. If more than one plan, then a separate Form 5500-EZ must be filed for each plan.

Part II, Line 7a The employer must call the sponsor of the master prototype plan for the number to be entered on this line. The number should start with a letter and end with a letter, for example, D123456a.

Part II, Line 10

Line	Instructions
10a	If the plan does not invest in insurance contracts, then the answer to this question is “no” and the TP should continue to line 10b. Note: If the TP does have investments in an insurance company and is unsure how to answer, he or she should call the insurance company.
10b-h	If the taxpayer has nothing to enter on any line 10b – h, the line should be left blank or a zero entered to the right.
10b	Only enter the contribution made by the employer to the plan based on the allocation formula in the plan for the 2008 plan year. Do not report earnings or transfers from other plans on this line.

Part II, Line 10
(continued)

10c	If no non-cash contributions, leave blank or enter zero.
10d	Plan distributions include any payments made to plan participants, regardless of whether these were rolled over to an IRA.
10e	Nontaxable distribution – it will be very rare that an entry will be made on this line. This line should include distributions of after-tax contributions that were made to the plan.
10f	A transfer to another plan is not a rollover to an IRA. A transfer to another plan is a transfer from a profit sharing to another profit sharing or one of the plans listed on line 6 of Form 5500-EZ. Note: Rollovers to IRAs are reported on line 10d.

10g	<p>Amounts received by the plan other than contributions include the following:</p> <ul style="list-style-type: none"> • Rollovers or transfer of assets from another qualified plan into this plan • Interest • Dividends • Rents • Royalties • Realized gains/losses on the sale of assets <p>DO NOT INCLUDE UNREALIZED GAINS/LOSSES.</p> <p>Note: This line may be a negative number.</p>
10h	<p>These are expenses that are paid using plan assets. Do NOT list the expenses if they are paid out of the plan sponsors private funds.</p> <p>NOTE: WE DO NOT EXPECT LINES 10 AND 11 TO BALANCE. ITEM 10 DOES NOT HAVE TO EQUAL THE DIFFERENCE BETWEEN THE BEGINNING AND END OF YEAR ASSETS ON LINE 11.</p>

Part II, Line 11

Line	Instructions
11a	Plan assets should be reported at fair market value, not at cost. If the plan has terminated, the assets at the end of the year should be zero.
11b	Most plans will not have liabilities. This line item may be left blank.

Part II, Line 12 If the plan is not invested in any of these assets, then the questions should be answered “No.” If the plan is invested in one of these assets, the question should be answered “Yes,” and an amount should be entered.

Part II, Line 13 An example of a disqualified person is the owner or any of his lineal descendants. Therefore, if the plan has engaged in any of these transactions with a disqualified person, the question should be answered “Yes,” and an amount entered. If none of these transactions occurred, then the questions should be answered “No.”

Part II, Line 14 The Form indicates, below line 14a, that if 14a is answered “No,” then the taxpayer does not have to complete lines 14b and c.

The plan meets IRC 410(b) if no other employees of the employer can participate in the plan because, as per the plan document, they do not meet the following:

- 1000 hour service requirement
 - They are not 21 years old
 - They are collectively bargained employees
 - They are non-resident aliens
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Part II, Line 15 These questions should be answered yes or no as applicable.

A joint and survivor annuity is a monthly payment that is paid originally to a retired participant and will continue to the spouse after the retiree's death in the same amount or a reduced monthly amount.